

# **EXHIBIT E**

**1530 Owners Corp.  
Financial Statements  
Income Tax Basis  
December 31, 2019**

**1530 Owners Corp.**  
**Table of Contents**  
**December 31, 2019**

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|   | <b>Page</b> |
|---|-------------|
| INDEPENDENT AUDITORS' REPORT  | 1-3         |
| FINANCIAL STATEMENTS  |             |
| Statement of Assets, Liabilities and Shareholders' Equity -<br>Income Tax Basis                   | 4-5         |
| Statement of Revenues and Expenses and Supplementary Analysis -<br>Income Tax Basis               | 6           |
| Statement of Changes in Shareholders' Equity - Income Tax Basis                                   | 7           |
| Statement of Cash Flows - Income Tax Basis  | 8-9         |
| Notes to the Financial Statements - Income Tax Basis  | 10-22       |
| SUPPLEMENTARY INFORMATION   |             |
| Schedule of Information on Future Major Repairs and Replacements                                  | 23          |
| Schedule of Operating Revenues and Operating Expenses<br>as Compared to Budget - Income Tax Basis | 24-26       |



## **Independent Auditors' Report**

### **To the Board of Directors and Shareholders of**

#### **1530 Owners Corp.**

We have audited the accompanying financial statements of 1530 Owners Corp. (the "Corporation") which comprise the statement of assets, liabilities and shareholders' equity - income tax basis as of December 31, 2019 and the related statement of revenues and expenses and supplementary analysis - income tax basis and changes in shareholders' equity - income tax basis and cash flows - income tax basis for the year then ended, and the related notes to the financial statements.

#### ***The Board of Directors' Responsibility for the Financial Statements***

The Board of Directors' (the "Board") is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting that the Corporation uses for income tax purposes as described in Note 2. The Board is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financials statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2019 and the results of its operations and cash flows for the year then ended in accordance with the basis of accounting the Corporation uses for income tax purposes as described in Note 2.

### ***Report on Summarized Comparative Information***

We have previously audited the Corporation's December 31, 2018 financial statements and our report dated April 11, 2019 expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting the Corporation uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### ***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of the Board about the methods of preparing the information and comparing the information for consistency with their responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Report on Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on pages 24 through 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Board, and except for the portion marked "unaudited" was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in dark ink, appearing to read "William J. Guttag". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

East Brunswick, New Jersey

May 12, 2020

**1530 Owners Corp.****Statement of Assets, Liabilities and Shareholders' Equity - Income Tax Basis****December 31,**

|   | 2019                 |                                    |                      | 2018<br>Total        |
|---|----------------------|------------------------------------|----------------------|----------------------|
|   | Operating<br>Fund    | Capital and<br>Replacement<br>Fund | Total                |                      |
| <b>Assets</b>   |                      |                                    |                      |                      |
| Cash and cash equivalents   | \$ 664,252           | \$ 1,187,628                       | \$ 1,851,880         | \$ 1,957,665         |
| Money market funds -<br>Capital and Replacement Fund  | -                    | 60,988                             | 60,988               | 554,338              |
| Money market funds -<br>Real Estate Tax Reserve   | 5,565                | -                                  | 5,565                | 5,410                |
| Money market funds -<br>Working Capital   | 387,151              | -                                  | 387,151              | 542,922              |
| Investments - Working Capital   | -                    | -                                  | -                    | 53,716               |
| Tenant-shareholders' maintenance<br>receivable - Note 2   | 40,701               | -                                  | 40,701               | 57,963               |
| Commercial rent receivable  | 72,334               | -                                  | 72,334               | 11,903               |
| Other receivables   | 25,802               | -                                  | 25,802               | 14,504               |
| Prepaid expenses  | 149,124              | -                                  | 149,124              | 225,664              |
| Prepaid taxes   | 26,181               | -                                  | 26,181               | 10,369               |
| Supply inventory - Note 2   | 13,217               | -                                  | 13,217               | 14,799               |
| Security deposits   | 63,266               | -                                  | 63,266               | 75,742               |
| Deposit   | 30,000               | -                                  | 30,000               | 30,000               |
| Land  | 5,780,130            | -                                  | 5,780,130            | 5,780,130            |
| Property and equipment, net -<br>Notes 2 and 4  | 28,663,309           | -                                  | 28,663,309           | 30,736,419           |
| Mortgage acquisition costs, net -<br>Note 2   | 80,154               | -                                  | 80,154               | 110,838              |
| Line of credit costs acquisition costs<br>Due from Capital and Replacement<br>Fund - interfund balance and use of<br>proceeds from refinance - Note 6 and 9 | 10,000               | -                                  | 10,000               | -                    |
|   | <u>4,124,436</u>     | <u>-</u>                           | <u>4,124,436</u>     | <u>4,212,761</u>     |
| <b>Total Assets</b>   | <u>\$ 40,135,622</u> | <u>\$ 1,248,616</u>                | <u>\$ 41,384,238</u> | <u>\$ 44,395,143</u> |

The accompanying notes are an integral part of these financial statements.

**1530 Owners Corp.****Statement of Assets, Liabilities and Shareholders' Equity - Income Tax Basis  
December 31,**

|  | 2019                 |                              |                      | 2018                 |
|--|----------------------|------------------------------|----------------------|----------------------|
|  | Operating Fund       | Capital and Replacement Fund | Total                | Total                |
| <b>Liabilities and Shareholders' Equity</b>  |                      |                              |                      |                      |
| <b>Liabilities</b>   |                      |                              |                      |                      |
| Accounts payable and accrued expenses  | \$ 537,648           | \$ 91,109                    | \$ 628,757           | \$ 1,287,688         |
| Tenant-shareholders' maintenance received in advance   | 125,955              | -                            | 125,955              | 57,862               |
| Sales tax payable  | 1,871                | -                            | 1,871                | 42,216               |
| Security and alteration deposits payable   | 63,113               | -                            | 63,113               | 75,621               |
| Note payable - unfunded pension liability - Note 7   | 98,463               | -                            | 98,463               | 115,927              |
| Note payable - Bobcat  | -                    | 22,783                       | 22,783               | 36,453               |
| Mortgage note payable - Note 6   | 35,400,541           | -                            | 35,400,541           | 36,334,164           |
| Due to Operating Fund - interfund balance and use of proceeds from refinance - Note 6 and 9  | -                    | 4,124,436                    | 4,124,436            | 4,212,761            |
| <b>Total Liabilities</b>   | <b>36,227,591</b>    | <b>4,238,328</b>             | <b>40,465,919</b>    | <b>42,162,692</b>    |
| <b>Commitments and Contingencies - Notes 8, 9, 11, 14 and 15</b>   |                      |                              |                      |                      |
| <b>Shareholders' Equity</b>  |                      |                              |                      |                      |
| Capital stock - \$1.00 par value, authorized 300,000 shares; 298,110 for 2019 and 2018, respectively and 298,110 for 2019 and 2018, respectively | 298,110              | -                            | 298,110              | 298,110              |
| Paid-in capital  | 57,539,396           | -                            | 57,539,396           | 56,698,092           |
| Accumulated deficit  | (53,929,475)         | -                            | (53,929,475)         | (51,988,377)         |
| Capital and replacement fund - Notes 8, 9 and 10   | -                    | (2,989,712)                  | (2,989,712)          | (2,775,374)          |
| <b>Total Shareholders' Equity</b>  | <b>3,908,031</b>     | <b>(2,989,712)</b>           | <b>918,319</b>       | <b>2,232,451</b>     |
| <b>Total Liabilities and Shareholders' Equity</b>  | <b>\$ 40,135,622</b> | <b>\$ 1,248,616</b>          | <b>\$ 41,384,238</b> | <b>\$ 44,395,143</b> |

The accompanying notes are an integral part of these financial statements.



**1530 Owners Corp.****Statement of Revenues and Expenses and Supplementary Analysis - Income Tax Basis  
For the Year Ended December 31,**

|  | 2019                  |                              | 2018                  |
|--|-----------------------|------------------------------|-----------------------|
|  | Operating Fund        | Capital and Replacement Fund | Total                 |
|  |                       |                              | Total                 |
| <b>Operating Revenues</b>  |                       |                              |                       |
| Tenant-shareholders' maintenance   | \$ 10,197,004         | \$ -                         | \$ 10,197,004         |
| Less: tenant-shareholders' maintenance fees collected for retirement of debt | (933,623)             | -                            | (933,623)             |
| Capital assessments - Note 10  | -                     | 894,330                      | 894,330               |
| Parking fee income   | 704,222               | -                            | 704,222               |
| Antenna and lease income - Note 11   | 521,698               | -                            | 521,698               |
| Cable income   | 459,920               | -                            | 459,920               |
| Other revenue and fees   | 253,005               | -                            | 253,005               |
| Laundry  | 69,600                | -                            | 69,600                |
| Recovery of bad debt   | -                     | 3,468                        | 3,468                 |
| Investment income  | 3,619                 | 8,324                        | 11,943                |
| Five year special assessment   | -                     | -                            | -                     |
| <b>Total Operating Revenues</b>  | <b>11,275,445</b>     | <b>906,122</b>               | <b>12,181,567</b>     |
| <b>Expenses</b>  |                       |                              |                       |
| Real estate taxes  | 3,959,973             | -                            | 3,959,973             |
| Payroll and related expenses   | 1,877,154             | -                            | 1,877,154             |
| Utilities  | 1,405,481             | -                            | 1,405,481             |
| Mortgage interest - Note 6   | 1,084,902             | -                            | 1,084,902             |
| Maintenance, supplies and services   | 809,232               | -                            | 809,232               |
| Garage expense   | 711,805               | -                            | 711,805               |
| Insurance  | 440,322               | -                            | 440,322               |
| Administrative   | 380,365               | -                            | 380,365               |
| On-site management   | 313,515               | -                            | 313,515               |
| Management services  | 130,000               | -                            | 130,000               |
| <b>Total Expenses</b>  | <b>11,112,749</b>     | <b>-</b>                     | <b>11,112,749</b>     |
| <b>Excess of Revenues over Expenses before Depreciation and Amortization</b> | <b>162,696</b>        | <b>906,122</b>               | <b>1,068,818</b>      |
| <b>Depreciation and Amortization</b>   | <b>(3,316,573)</b>    | <b>-</b>                     | <b>(3,316,573)</b>    |
| <b>Excess (Deficiency) of Revenues over Expenses</b>                         | <b>\$ (3,153,877)</b> | <b>\$ 906,122</b>            | <b>\$ (2,247,755)</b> |

The accompanying notes are an integral part of these financial statements.

**1530 Owners Corp.**  
**Statement of Changes in Shareholders' Equity - Income Tax Basis**  
**For the Year Ended December 31, 2019**

|  | Operating Fund |               |                 | Accumulated    | Capital and   | Total |
|--|----------------|---------------|-----------------|----------------|---------------|-------|
|  | Common         | Paid-In       | Surplus         | Replacement    | Shareholders' |       |
|  | Stock          | Capital       | (Deficit)       | Fund           | Equity        |       |
| Balances - Beginning of Year   | \$ 298,110     | \$ 56,698,092 | \$ (51,988,377) | \$ (2,775,374) | \$ 2,232,451  |       |
| Maintenance Collected for Principal<br>Payments on Mortgage Debt - Note 6                      | -              | 933,623       | -               | -              | 933,623       |       |
| Interfund Transfer -<br>Capital Improvements - Note 4  | -              | -             | 1,212,779       | (1,212,779)    | -             |       |
| Interfund Transfer - Capital and Replacement Fund<br>Additions (debt repayment) - Note 8 and 9 | -              | (92,319)      | -               | 92,319         | -             |       |
| Excess (Deficiency) of Revenues over<br>Expenses   | -              | -             | (3,153,877)     | 906,122        | (2,247,755)   |       |
| Balances - End of Year   | \$ 298,110     | \$ 57,539,396 | \$ (53,929,475) | \$ (2,989,712) | \$ 918,319    |       |

The accompanying notes are an integral part of these financial statements.

**1530 Owners Corp.****Statement of Cash Flows - Income Tax Basis  
For the Year Ended December 31, 2019**

|   | Operating<br>Fund  | Capital and<br>Replacement<br>Fund | Total            |
|---|--------------------|------------------------------------|------------------|
| <b>Cash Flows from Operating Activities</b>   |                    |                                    |                  |
| Excess (deficiency) of revenues over expenses   | \$ (3,153,877)     | \$ 906,122                         | \$ (2,247,755)   |
| Adjustments to reconcile excess (deficiency)<br>of revenues over expenses to net cash provided by<br>operating activities |                    |                                    |                  |
| Depreciation and amortization   | 3,316,573          | -                                  | 3,316,573        |
| Changes in assets and liabilities   |                    |                                    |                  |
| Tenant-shareholders' maintenance<br>receivable  | 17,262             | -                                  | 17,262           |
| Commercial rent receivable  | (60,431)           | -                                  | (60,431)         |
| Other receivables   | (11,298)           | -                                  | (11,298)         |
| Prepaid expenses  | 76,540             | -                                  | 76,540           |
| Prepaid income taxes  | (15,812)           | -                                  | (15,812)         |
| Supply inventory  | 1,582              | -                                  | 1,582            |
| Security deposits   | 12,476             | -                                  | 12,476           |
| Accounts payable and accrued expenses   | (70,733)           | (588,198)                          | (658,931)        |
| Tenant-shareholders' maintenance received in<br>advance   | 68,093             | -                                  | 68,093           |
| Sales tax payable   | (12,205)           | (28,140)                           | (40,345)         |
| Security and alteration deposits payable  | (12,508)           | -                                  | (12,508)         |
| <b>Net Cash Provided by Operating<br/>Activities</b>  | <b>155,662</b>     | <b>289,784</b>                     | <b>445,446</b>   |
| <b>Cash Flows from Investing Activities</b>   |                    |                                    |                  |
| Net activity in money market mutual funds -<br>capital and replacement fund   | -                  | 493,350                            | 493,350          |
| Net activity in money market mutual funds -<br>real estate tax reserve  | (155)              | -                                  | (155)            |
| Net activity in money market mutual funds -<br>working capital  | 155,771            | -                                  | 155,771          |
| Redemption of investments   | 53,716             | -                                  | 53,716           |
| Purchase of property and equipment  | (1,212,779)        | -                                  | (1,212,779)      |
| <b>Net Cash Provided by (Used in)<br/>Investing Activities</b>  | <b>(1,003,447)</b> | <b>493,350</b>                     | <b>(510,097)</b> |

The accompanying notes are an integral part of these financial statements.

**1530 Owners Corp.****Statement of Cash Flows - Income Tax Basis  
For the Year Ended December 31, 2019**

|   | Operating<br>Fund   | Capital and<br>Replacement<br>Fund | Total               |
|---|---------------------|------------------------------------|---------------------|
| <b>Cash Flows from Financing Activities</b>                                       |                     |                                    |                     |
| Due to (from) Operating Capital and Replacement Fund                              | 88,325              | (88,325)                           | -                   |
| Interfund transfer - capital and replacement fund additions                       | (92,319)            | 92,319                             | -                   |
| Interfund transfer - capital improvements   | 1,212,779           | (1,212,779)                        | -                   |
| Maintenance assessments collected for principal payments on mortgage note payable | 933,623             | -                                  | 933,623             |
| Principal payments on note payable - Bobcat                                       | -                   | (13,670)                           | (13,670)            |
| Principal payments on mortgage note payable                                       | (933,623)           | -                                  | (933,623)           |
| Line of credit acquisition costs  | (10,000)            | -                                  | (10,000)            |
| Payments on note payable - unfunded pension liability                             | (17,464)            | -                                  | (17,464)            |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                        | <u>1,181,321</u>    | <u>(1,222,455)</u>                 | <u>(41,134)</u>     |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                       | 333,536             | (439,321)                          | (105,785)           |
| <b>Cash and Cash Equivalents - Beginning of Year</b>                              | <u>330,716</u>      | <u>1,626,949</u>                   | <u>1,957,665</u>    |
| <b>Cash and Cash Equivalents - End of Year</b>                                    | <u>\$ 664,252</u>   | <u>\$ 1,187,628</u>                | <u>\$ 1,851,880</u> |
| <b>Supplemental Disclosure</b>  |                     |                                    |                     |
| Cash Paid During the Year for   |                     |                                    |                     |
| Interest  | <u>\$ 1,084,902</u> |                                    |                     |
| Corporate income taxes  | <u>\$ 20,100</u>    |                                    |                     |

The accompanying notes are an integral part of these financial statements.

**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 1 Nature of Organization**

1530 Owners Corp. (the "Corporation"), located in Fort Lee, New Jersey, is a cooperative housing corporation incorporated under Title 14 of the New Jersey Statutes. The Corporation was formed under the laws of the State of New Jersey on July 25, 1985. The purposes of the Corporation are to own the property, enter into proprietary leases for the apartments and to provide for the maintenance of the common elements. The Corporation consists of 484 residential units. In addition, there are (9) nine commercial units and a garage facility. Recreational facilities consist of a health club, two swimming pools, kiddie pool, playground, theater and social room.

**Note 2 Summary of Significant Accounting Policies**

**Estimates**

The preparation of financial statements in conformity with income tax basis of accounting requires the Board of Directors (the "Board") to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fund Accounting**

The Corporation's legal documents and By-laws provide certain guidelines to govern the Corporation's financial activities. In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Corporation by such documents, the accounts of the Corporation are maintained in accordance with the principles of fund accounting.

The assets, liabilities and fund balances of the Corporation are reported in the following fund groups:

**Operating Fund**

This fund represents the portion of expendable funds that is available for the general operations of the Corporation.

**Capital and Replacement Fund**

The purpose of the capital and replacement fund is to accumulate, and segregate funds earmarked for capital expenditures for items which are the responsibility of the Corporation.

**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 2      Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting**

The accounts of the Corporation are maintained, and the financial statements have been prepared on an income tax basis. The significant differences between the income tax basis and accounting principles generally accepted in the United States of America ("GAAP") are as follows:

- The property and equipment are depreciated pursuant to Internal Revenue Service guidelines rather than based upon estimated useful lives of the assets.
- Investments (i.e. securities) are recorded at cost with no adjustment to fair value or for impairment as would be required under GAAP.
- Deferred taxes are not provided along nor any valuation allowances for deferred tax assets as would be required under GAAP.
- Additional paid-in-capital and property and equipment have been recorded based upon the net book value (as reflected on the transferor's books) of the assets received for the common stock issued.
- Tenant-Shareholders' assessments charged for the retirement of mortgage debt are reflected as an increase in paid-in-capital.
- Rental income is recorded using the straight-line method over the term of the lease under GAAP, whereas rent income is recorded based upon the lease terms under tax basis.
- Allowance for bad debt is not permitted on income tax reporting but may be required under GAAP.
- Under GAAP mortgage notes payable are net of the mortgage acquisition costs and amortization is reported as interest expense.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash held in bank deposits and money market funds. Cash and cash equivalents may at times exceed the federally insured limits.

**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 2      Summary of Significant Accounting Policies (Continued)**

**Tenant-Shareholders' Maintenance Fees, Cable Fees, Parking Fees, Assessments Receivable, Tenant-Shareholders' Maintenance Received in Advance**

Tenant-shareholders are subject to monthly assessments for the Corporation's operating expenses, cable fees, parking fees, future capital acquisitions and major repairs and replacements. Tenant-shareholder receivables at the balance sheet date represents fees due from tenant-shareholders. According to the By-laws, the Corporation shall, at all times, have a first lien upon the shares of each shareholder to secure the payment by such shareholder. The Board's intention is to reacquire shares of stock relating to severely delinquent units and sell them to recover the delinquent fees, if other collection actions are unsuccessful. Any excess assessments at year end are retained by the Corporation for use in the succeeding year.

**Money Market Mutual Funds and Investments**

As of December 31, 2019, included in money market funds is a Leg Mason mutual fund totaling \$60,988.

**Supply Inventory**

The Corporation maintains supply inventory which consists of cleaning, electrical, HVAC, lighting, plumbing and other miscellaneous supplies. Inventory is stated at cost using the specific identification method.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed on accelerated (modified cost) and straight-line methods over the following lives:

|                                    |                   |
|------------------------------------|-------------------|
| Building and building improvements | 27.5 and 35 years |
| Furniture, fixtures and equipment  | 5 - 10 years      |

**Mortgage Acquisition Costs**

The Corporation refinanced its mortgage in 2012. Commitment fees and closing costs, exclusive of the prepayment penalty related to the refinancing, have been capitalized. These costs are being amortized on a straight line basis (which approximates the yield method) over the term of the mortgage note, which is ten years. The total accumulated amortization as of December 31, 2019 is approximately \$228,000.

**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 2      Summary of Significant Accounting Policies (Continued)**

**Investment Income Earned**

The Board's policy is to retain investment income earned on all replacement and capital money market mutual funds and investments in the replacement fund.

**Subsequent Events**

The Board has evaluated subsequent events and transactions for potential recognition through the date of the auditors' report, which is the date the financial statements were available to be issued (see Note 16).

**Note 3      Prepaid Expenses**

At December 31, 2019, prepaid expenses consist of the following:

|                        |                   |
|------------------------|-------------------|
| Insurance              | \$ 120,412        |
| Prepaid expenses       | <u>28,712</u>     |
| Total Prepaid Expenses | <u>\$ 149,124</u> |

**Note 4      Property and Equipment, Net**

At December 31, 2019, property and equipment consists of the following:

|                                   |                      |
|-----------------------------------|----------------------|
| Building                          | \$ 60,688,462        |
| Building improvements             | 45,943,779           |
| Furniture, fixtures and equipment | <u>3,222,227</u>     |
| Total Property and Equipment      | 109,854,468          |
| Less: accumulated depreciation    | <u>(81,191,159)</u>  |
| Property and Equipment, Net       | <u>\$ 28,663,309</u> |

The capital expenditures for the year ended December 31, 2019, included in building improvements, based on the engineering study classifications, are as follows:

|                        |            |
|------------------------|------------|
| Elevator replacement   | \$ 661,619 |
| Lobby renovation       | 156,683    |
| Riser project          | 118,859    |
| Boiler project         | 60,000     |
| Lounge project         | 50,606     |
| Payroll                | 43,776     |
| Miscellaneous          | 32,820     |
| Revolving door project | 27,178     |



**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 4            Property and Equipment, Net (Continued)**

|                            |                     |
|----------------------------|---------------------|
| Retaining wall             | 17,452              |
| Doors replacement          | 12,652              |
| Speed bumps replacement    | 6,548               |
| Fire panel upgrades        | 6,537               |
| Machinery                  | 5,438               |
| Camera replacement         | 3,654               |
| Automated gate             | 3,328               |
| Steel replacement          | 3,200               |
| Pool furniture             | 1,374               |
| Engineering                | <u>1,055</u>        |
| Total Capital Expenditures | <u>\$ 1,212,779</u> |

**Note 5            Federal and State Taxes**

The Corporation prepares its tax returns pursuant to the provisions of Subchapter T of the Internal Revenue Code. Subchapter T provides that expenses attributable to the generation of patronage income, i.e., income from business done with, or for, patrons (tenant-shareholders), is deductible only to the extent of patronage income. The Corporation's non-patronage income, i.e., antenna, lease, and electricity income, net of allocable non-patronage expenses, is subject to federal and New Jersey income taxes. For the year ended December 31, 2019, federal income taxes of \$1,655 have been provided as the Corporation has a non-patronage revenues in excess of non-patronage expenses. Additionally, \$824 of New Jersey state income taxes have been provided.

Federal and state taxes, relating to patronage income, have not been provided for the year ended December 31, 2019 since the Corporation has a patronage tax basis loss in the current year. At December 31, 2019 the Corporation had approximately \$53,200,000 in federal and \$37,200,000 in New Jersey, patronage net operating loss carry forwards, which expire over various years ending in 2039. Federal net operating losses from 2018 and 2019 can be carried back five year. The Corporation evaluates its tax provisions and accruals and believes that they are appropriate based on current facts and circumstances. The Corporation's income tax returns are subject to examination by the respective taxing authorities generally for three years after they were filed.

**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 6 Mortgage Note Payable**

In August 2012, the Corporation refinanced its mortgage with HSBC Realty Credit Corporation for \$40,000,000. Payments were interest only until October 1, 2014. Thereafter, the mortgage is payable in equal monthly installments of approximately \$168,210 including interest, at a rate of 2.98%, using a thirty year amortization period. The mortgage note includes a prepayment penalty. The mortgage matures on September 1, 2022. The note is collateralized by the land, building and building improvements owned by the Corporation.

Principal payments for the next four years are as follows:

| <u>December 31,</u> |                      |
|---------------------|----------------------|
| 2020                | \$ 959,241           |
| 2021                | 991,613              |
| 2022                | <u>33,449,687</u>    |
| Total               | <u>\$ 35,400,541</u> |

**Note 7 Note Payable - Unfunded Pension Liability**

During 2006, the Local 734 Laborer's Union, which represented the Corporation's employees, withdrew representation from residential buildings in New Jersey. As a result of the withdrawal, the Corporation had a gross withdrawal liability without any offset for allocated plan assets for employees covered by Local 734 Laborer's Union originally totaling \$466,969. As a result of transferring the allocable portion of the plans assets and liabilities from the Local 734 Laborer's Union to the Local 32BJ of the S.E.I.U., the total unfunded net liability was reduced by \$173,933 to \$293,036.

The unfunded net liability of \$293,036 is being paid over 60 quarterly installments, beginning on April 1, 2008 of approximately \$7,681 with a final installment of approximately \$4,366. The payment terms include interest at a rate of approximately 6.7%. The unfunded net liability as of December 31, 2019 is \$98,463.

**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 7      Note Payable - Unfunded Pension Liability (Continued)**

Principal payments over the next five years are as follows:

December 31,

|                                   |                  |
|-----------------------------------|------------------|
| 2020 (includes one month of 2019) | \$ 31,129        |
| 2021                              | 26,849           |
| 2022                              | 28,709           |
| 2023                              | <u>11,776</u>    |
|                                   | <u>\$ 98,463</u> |

**Note 8      Capital and Replacement Fund**

The Corporation's governing documents do not require that funds be accumulated for future major repairs and replacements. The Corporation has nonetheless segregated funds for capital and replacement needs.

O&S Associates, professional engineering consultants, conducted a study in December 2018 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on the then current estimated replacement costs. The type of study performed was a full study with a site visit. The table included in the unaudited supplementary information on future major repairs and replacements is based on the study. The Board is continually monitoring the capital replacement needs and required funding needs.

The Board is funding for the estimated costs of future major repairs and replacements over the remaining useful lives of the components as discussed below. The engineering study's recommended funding utilizes the full funding methodology, considering the amounts previously accumulated in the replacement fund. The recommended funding per the study is \$523,000. The Board has included \$894,330 as the replacement fund contribution in the 2019 budget. In addition, the Board contributed \$3,468 of recovery of bad debt, \$92,319 of debt repayment from the operating fund, and \$8,324 of investment income earned on replacement fund cash and investments (see Notes 9, 10 and 15).

**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 9 Capital and Replacement Fund Deficit**

Funds are being accumulated in the replacement fund based upon estimated costs for repairs and replacements of common property components. Actual expenditures may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Corporation has the right to increase capital assessments, pass special assessments, increase borrowings or delay major repairs and replacements until funds are available, if possible. As of December 31, 2019, there is approximately \$412,000 of combined costs for future work, which includes outstanding commitments and planned projects.

The accompanying financial statements reflect a deficit fund balance in the Capital and Replacement Fund of \$2,989,712, although the fund has total assets of \$1,248,616. The deficit occurred because the Corporation has incurred significant expenditures related to capital improvements in prior years. There is an interfund balance resulting from cash from the mortgage refinancing intended for capital, being recorded for accounting purposes in the Operating Fund, which then lent the money to the Capital and Replacement Fund. It is the Board's plan for the deficit to be extinguished and future project commitments funded through the existing cash and investments, future capital contributions, future additional capital contributions from savings in principal and interest from the pre-refinance rates of the old mortgage, and capital assessments.

**Note 10 Capital Assessment**

For the year ended December 31, 2019 there was a capital assessment of \$3 per share in order to help fund future capital projects.

**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 11     Commitments**

**Antenna and Commercial Income**

The Corporation has entered into various non-cancelable operating leases and two month to month agreement for use of its commercial units and rental of roof space. The leases, which expire at various dates through 2025, contain certain provisions for additional rents based on increases in real estate taxes and utilities. The antenna lease includes an option to extend for four additional terms of five years each. Minimum annual rentals, exclusive of parking, utilities, real estate taxes and other rent escalations are payable over the next five years, thereafter, and in the aggregate are as follows:

| <u>December 31,</u> |                    |
|---------------------|--------------------|
| 2020                | \$ 418,387         |
| 2021                | 419,977            |
| 2022                | 341,547            |
| 2023                | 347,045            |
| 2024                | 158,500            |
| Thereafter          | <u>105,796</u>     |
| Total               | <u>\$1,791,252</u> |

Total rent income on all operating leases (non-cancellable and month to month leases) totaled approximately \$521,700 for the year ended December 31, 2019.

**Office Copier Lease Expense**

The Corporation has entered into an operating lease for use of an office copier. The lease expires in 2022. The annual lease expense is approximately \$5,820. Minimum annual lease payments are payable over the next four years and in the aggregate are as follows:

| <u>December 31,</u> |                  |
|---------------------|------------------|
| 2020                | \$ 5,820         |
| 2021                | 5,820            |
| 2022                | <u>5,820</u>     |
| Total               | <u>\$ 17,460</u> |

**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 11 Commitments (Continued)**

**Capital Lease Obligation**

The Corporation leases construction equipment under a capital lease. Ownership of the equipment transfers to the Corporation at the end of the lease term for a nominal purchase price. The asset is \$54,505 net of accumulated depreciation, which is included in property and equipment on the balance sheet in the accompanying financial statements.

The following is a schedule of future minimum lease payments due under the capital lease obligation as of December 31, 2019.

December 31,

|      |                  |
|------|------------------|
| 2020 | \$ 13,670        |
| 2021 | <u>10,252</u>    |
|      | <u>\$ 23,922</u> |

**Future Capital and Replacement Commitments**

See Note 9.

**Note 12 Related Party Transactions**

As of December 31, 2019, the Sponsor held 25,475 shares representing 52 apartments or 8.55% of the total outstanding shares of the Corporation. For all apartments owned by the Sponsor during December 31, 2019, total maintenance billed on Sponsor owned shares totaled \$871,245. Total capital assessment billed on Sponsor owned shares totaled \$76,425. Accounts receivable owed on amounts billed in 2019 for Sponsor owned shares totaled approximately \$1,135.

In August 2016, a commercial space was leased for one year for \$4,800 to a Corporation of which a shareholder is a member of the Board. This lease has continued on a month to month basis at the rate of \$400 per month during 2019.

During 2019, the Corporation engaged a contractor, related to the property manager, to perform sauna renovations in 2020 for approximately \$40,000.

**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 13 Tenant-Shareholders' Maintenance Charge Information**

Tenant-shareholders' maintenance charges to shareholders, on a per share annual basis, were as follows:

|                                     |         |
|-------------------------------------|---------|
| March 1, 2002 - March 31, 2005      | \$27.36 |
| April 1, 2005 - May 31, 2006        | \$28.97 |
| June 1, 2006 - December 31, 2007    | \$29.97 |
| January 1, 2008 - December 31, 2008 | \$31.27 |
| January 1, 2009 - December 31, 2009 | \$31.27 |
| January 1, 2010 - December 31, 2010 | \$31.27 |
| January 1, 2011 - December 31, 2011 | \$31.27 |
| January 1, 2012 - December 31, 2012 | \$31.27 |
| January 1, 2013 - March 1, 2014     | \$31.27 |
| March 1, 2014 - December 31, 2014   | \$33.27 |
| January 1, 2015 - December 31, 2015 | \$34.27 |
| January 1, 2016 - December 31, 2016 | \$34.27 |
| January 1, 2017 - December 31, 2017 | \$33.20 |
| January 1, 2018 - December 31, 2018 | \$33.20 |
| January 1, 2019 - December 31, 2019 | \$34.20 |

During the year ended December 31, 2019, the Board approved a \$1 increase per share to the 2020 maintenance charges.

**Note 14 Union Agreement**

In November 2013, the Corporation entered into a collective bargaining agreement with Service Employees International Union, Local 32BJ, which details rates of pay, hours of work and conditions of employment for those covered employees. Substantially all of the Corporation's employees, who are not part of on-site management, are covered by a collective bargaining agreement which expired October 2016. The agreement was renewed in December retroactive to November 1, 2016 through October 31, 2019. During November 2019, the agreement was renewed a second time to be effective November 1, 2019 through and including October 31, 2023.

The employees are covered by a union sponsored, collectively bargained, multiemployer defined benefit pension, annuity, health insurance plan, prepaid legal and education fund except the superintendent and the assistant superintendent. Contributions to the plans are determined in accordance with the provisions of the negotiated labor contract.

**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 14 Union Agreement (Continued)**

Pursuant to the Employee Retirement Income Security Act ("ERISA"), as amended, an employer, upon withdrawing from a multiemployer plan, is required to pay its share of the plan's unfunded vested benefits. The Corporation has no intention of withdrawing from the plan.

The plan information for Service Employees International Union, Local 32BJ multiemployer defined benefit plan is as follows:

|                                |               |
|--------------------------------|---------------|
| Union Plan Employer ID #:      | 13-1879376    |
| Year End Date of Plan:         | June 30, 2019 |
| Certified Pension Zone Status: | Red           |
| Pension Contributions Made:    | \$29,715      |

A Funding Improvement Plan or Rehabilitation Plan (as defined by ERISA) was implemented.

A surcharge has been paid to the plan.

Certified pension zone status (as defined by the Pension Protection Act) represents the level at which the plan is funded. Plans in the red zone are less than 65% funded; plans in the yellow zone are less than 80% funded; and plans in the green zone are at least 80% funded.

**Note 15 Contingencies**

**Breach of Contract**

During 2013, a contractor filed an action for an alleged breach of contract for the replacement of HVAC risers, claiming damages and specific performance. The Corporation filed a counterclaim for a breach of contract for cause and is seeking recovery and reimbursement of the unused materials for which the Corporation had prepaid.

Approximately \$1,430,000 was paid in advance for materials and it is estimated that an amount of \$1,311,000 represents the remaining unused materials. The amount due from the contractor, as set forth above, relates solely to the prepayment for the materials and not any other claims the Corporation may have. Accordingly, in 2013, the Corporation recorded a receivable due from the contractor in the amount of \$1,311,000 for the estimated unused riser materials purchased in 2012.



**1530 Owners Corp.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**Note 15 Contingencies (Continued)**

In addition, an allowance offsetting the accounts receivable - contractor was recorded for the full amount on the accompanying balance sheet and an HVAC contract valuation loss is recorded on the statement of revenues until recovery, if any, can be determined.

A settlement was reached which required the contractor to repay the Corporation \$2,000 per month for 15 years. In addition, the Corporation was able to recover all inventory held by the contractor. This was then sold to a 3<sup>rd</sup> party. Approximately \$3,468 was received from the contractor in 2019. This has been recorded as recovery of bad debt to the replacement fund in 2019.

**Sponsor Litigation**

During 2019, the Corporation brought action against the Sponsor compelling the Sponsor to sell the remaining unsold shares of the Corporation. The litigation is in its early stages and the outcome is unknown at this time.

**Note 16 Subsequent Events**

**Line of Credit**

Subsequent to year end, the Corporation entered into a line of credit agreement with Signature Bank for \$2,000,000. Interest is due monthly on the unpaid principal amount of the note (amount drawn down) at 2.25% per annum plus LIBOR. The unpaid principal amount of the note is due and payable September 1, 2022 plus any accrued interest. As part of the agreement, the Corporation shall maintain a debt service coverage ratio of 1.00:1.00 or greater. Subsequent to year end, the Corporation drew down \$500,000 to have on hand for emergency purposes due to COVID-19.

**COVID-19**

In late 2019, a novel strain of coronavirus, COVID-19, emerged globally. As the impact of the spread of the COVID-19 coronavirus continues to spread in the United States and around the world, the Corporation may experience disruptions that could impact its ability to carry out its activities. As of the date of the issuance of these financial statements, the Corporation cannot reasonably estimate the impact to the Corporation's future activities, revenues, financial condition or results of operations.

## **SUPPLEMENTARY INFORMATION**

**1530 Owners Corp.****Schedule of Information on Future Major Repairs and Replacements****December 31, 2019**

O&S Associates, professional engineering consultants, updated a study in December, 2018 to be effective January 1, 2019 to estimate the remaining useful lives and the replacement costs of the components of common property. The study includes those components with an estimated remaining useful life within the Board-determined useful life guidelines for inclusion in the replacement schedule for purposes of determining annual funding. The estimates were based on the then current estimated replacement costs.

The following table is based on the 2018 study and presents significant information about the components of common property.

| <u>Components</u>  | As of 2018 Study<br>(Unaudited)                |  |
|--|--|--|
|  | Estimated<br>Remaining Useful<br>Lives (Years) | Estimated<br>Current<br>Replacement<br>Costs |
| Exterior envelope  | 1-23   | \$ 4,263,000                                 |
| Balcony and penthouse terrace                                | 5-30   | 4,215,500                                    |
| Plaza  | 1-9  | 2,235,500                                    |
| Parking garage   | 2-13   | 689,750                                      |
| Site   | 1-24   | 477,100                                      |
| Building amenities   | 1-22   | 1,213,900                                    |
| Mechanical   | 8-33   | 3,980,000                                    |
| Electrical   | 1-20   | 566,000                                      |
| Plumbing   | 6-13   | 456,000                                      |
| Fire protection and detection                                | 2-30   | 575,000                                      |
| Building interiors   | 2-23   | 2,219,000                                    |
| Total  |  | <u>\$ 20,890,750</u>                         |
| Capital and replacement fund balance as of December 31, 2019 |  | <u>\$ (2,989,712)</u>                        |
| (See also Note 8, 9 and 10)                                  |  |  |

**1530 Owners Corp.****Schedule of Operating Revenues and Operating Expenses  
as Compared to Budget - Income Tax Basis  
For the Year Ended December 31, 2019**

|   | Actual            | (Unaudited)<br>Budget | Better or<br>(Worse) Than<br>Budget |
|---|-------------------|-----------------------|-------------------------------------|
| <b>Operating Revenues</b>                                     |                   |                       |                                     |
| Tenant-shareholders' maintenance                              | \$ 10,197,004     | \$ 10,194,072         | \$ 2,932                            |
| Maintenance collected for principal payments on mortgage debt | (933,623)         | (933,623)             | -                                   |
| Parking fee income  | 704,222           | 711,000               | (6,778)                             |
| Antenna and lease income                                      | 521,698           | 516,750               | 4,948                               |
| Cable income  | 459,920           | 459,747               | 173                                 |
| Other revenues and fees                                       | 253,005           | 208,460               | 44,545                              |
| Laundry fees  | 69,600            | 69,600                | -                                   |
| Investment income   | 3,619             | 8,000                 | (4,381)                             |
| <b>Total Operating Revenues</b>                               | <b>11,275,445</b> | <b>11,234,006</b>     | <b>41,439</b>                       |
| <b>Operating Expenses</b>                                     |                   |                       |                                     |
| <b>Mortgage Interest</b>                                      | <b>1,084,902</b>  | <b>1,084,897</b>      | <b>(5)</b>                          |
| <b>Real Estate Taxes</b>                                      | <b>3,959,973</b>  | <b>3,972,000</b>      | <b>12,027</b>                       |
| <b>On-Site Management</b>                                     | <b>313,515</b>    | <b>290,000</b>        | <b>(23,515)</b>                     |
| <b>Management Services</b>                                    | <b>130,000</b>    | <b>132,000</b>        | <b>2,000</b>                        |
| <b>Insurance</b>  | <b>440,322</b>    | <b>449,000</b>        | <b>8,678</b>                        |
| <b>Administrative</b>   |                   |                       |                                     |
| Legal fees  | 68,187            | 26,000                | (42,187)                            |
| Miscellaneous   | 64,560            | 41,500                | (23,060)                            |
| Office expenses   | 56,252            | 55,000                | (1,252)                             |
| Audit and accounting services                                 | 53,555            | 35,000                | (18,555)                            |
| Litigation costs  | 33,211            | 10,000                | (23,211)                            |
| Social committee  | 31,193            | 15,000                | (16,193)                            |
| Licenses and permits  | 29,679            | 8,000                 | (21,679)                            |
| Telephone   | 16,436            | 10,000                | (6,436)                             |
| Amortization of bond premium                                  | 12,919            | -                     | (12,919)                            |
| Engineering fees  | 5,050             | 8,000                 | 2,950                               |
| Postage and photocopying                                      | 3,408             | 6,000                 | 2,592                               |
| Corporate taxes   | 2,479             | 32,000                | 29,521                              |
| Sales tax   | 2,400             | 5,000                 | 2,600                               |
| Bank fees   | 1,036             | 800                   | (236)                               |
| Bad debt expense  | -                 | 4,000                 | 4,000                               |
| <b>Total Administrative</b>                                   | <b>380,365</b>    | <b>256,300</b>        | <b>(124,065)</b>                    |

**1530 Owners Corp.****Schedule of Operating Revenues and Operating Expenses  
as Compared to Budget - Income Tax Basis  
For the Year Ended December 31, 2019**

|   | Actual           | (Unaudited)<br>Budget | Better or<br>(Worse) Than<br>Budget |
|---|------------------|-----------------------|-------------------------------------|
| <b>Operating Expenses (Continued)</b>           |                  |                       |                                     |
| <b>Maintenance, Supplies and Services</b>       |                  |                       |                                     |
| Pool management                                 | 242,967          | 265,000               | 22,033                              |
| Repairs and maintenance                         | 178,243          | 197,000               | 18,757                              |
| HVAC contract and maintenance                   | 63,224           | 67,000                | 3,776                               |
| Landscaping contract                            | 57,032           | 60,500                | 3,468                               |
| Painting  | 33,106           | 69,086                | 35,980                              |
| Equipment leasing                               | 27,673           | 20,000                | (7,673)                             |
| Snow removal                                    | 25,986           | 27,000                | 1,014                               |
| Uniforms  | 22,501           | 28,000                | 5,499                               |
| Electrical repairs                              | 21,300           | 20,000                | (1,300)                             |
| Boiler/burner                                   | 20,249           | 34,500                | 14,251                              |
| Pool repairs                                    | 19,233           | 23,500                | 4,267                               |
| Trash removal                                   | 15,645           | 14,000                | (1,645)                             |
| Fire safety contract                            | 14,291           | 20,000                | 5,709                               |
| Water treatment contract                        | 14,180           | 24,000                | 9,820                               |
| Insurance claim expense                         | 13,331           | 10,000                | (3,331)                             |
| Plumbing repairs and supplies                   | 11,992           | 37,000                | 25,008                              |
| Security  | 7,788            | 8,000                 | 212                                 |
| Exterminating                                   | 6,072            | 6,500                 | 428                                 |
| Elevator contract and repairs                   | 4,516            | 22,000                | 17,484                              |
| Key locks                                       | 3,650            | 5,000                 | 1,350                               |
| Compactor maintenance                           | 3,154            | 4,500                 | 1,346                               |
| Irrigation                                      | 2,046            | -                     | (2,046)                             |
| Light bulbs                                     | 1,053            | 2,000                 | 947                                 |
| <b>Total Maintenance, Supplies and Services</b> | <b>809,232</b>   | <b>964,586</b>        | <b>155,354</b>                      |
| <b>Garage Expense</b>                           | <b>711,805</b>   | <b>706,500</b>        | <b>(5,305)</b>                      |
| <b>Payroll and Related Expenses</b>             |                  |                       |                                     |
| Salaries and wages                              | 1,345,180        | 1,383,561             | 38,381                              |
| Hospitalization                                 | 368,428          | 402,608               | 34,180                              |
| Payroll taxes                                   | 121,984          | 134,807               | 12,823                              |
| Pension expense                                 | 32,636           | 34,000                | 1,364                               |
| Payroll service                                 | 8,926            | 9,000                 | 74                                  |
| <b>Total Payroll and Related Expenses</b>       | <b>1,877,154</b> | <b>1,963,976</b>      | <b>86,822</b>                       |

**1530 Owners Corp.****Schedule of Operating Revenues and Operating Expenses  
as Compared to Budget - Income Tax Basis  
For the Year Ended December 31, 2019**

|   | <u>Actual</u>         | <u>(Unaudited)<br/>Budget</u> | <u>Better or<br/>(Worse) Than<br/>Budget</u> |
|---|-----------------------|-------------------------------|--|
| <b>Operating Expenses (Continued)</b>   |                       |                               |  |
| <b>Utilities</b>  |                       |                               |  |
| Electricity   | 540,222               | 525,000                       | (15,222)                                     |
| Cable   | 454,079               | 459,747                       | 5,668  |
| Gas and heating oil   | 237,605               | 250,000                       | 12,395                                       |
| Water and sewer   | 173,575               | 180,000                       | 6,425  |
| <b>Total Utilities</b>  | <u>1,405,481</u>      | <u>1,414,747</u>              | <u>9,266</u>                                 |
| <b>Total Operating Expenses</b>   | <u>11,112,749</u>     | <u>11,234,006</u>             | <u>121,257</u>                               |
| <b>Excess of Operating Revenues<br/>over Operating Expenses<br/>before Depreciation and Amortization</b>    | 162,696               | -                             | 162,696                                      |
| <b>Depreciation and Amortization</b>  | <u>(3,316,573)</u>    | <u>(3,066,262)</u>            | <u>(250,311)</u>                             |
| <b>Deficiency of Operating Revenues over<br/>Operating Expenses after Depreciation<br/>and Amortization</b> | <u>\$ (3,153,877)</u> | <u>\$ (3,066,262)</u>         | <u>\$ (87,615)</u>                           |